

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

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M.V.B COLLISION INC. d/b/a	:	
MID-ISLAND COLLISION,	:	ECF CASE
Plaintiffs,	:	Docket No.: CV 07 187 (JFB) (MLO)
-against-	:	
	:	DECLARATION OF BRIAN
ALLSTATE INSURANCE COMPANY,	:	McGAUVRAN
	:	
Defendant.	:	

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BRIAN McGAUVRAN, being duly sworn, hereby deposes and says:

1. I am the General Manager of Mid Island Collision, and this Declaration is being made from my personal knowledge.
2. I have worked in the automobile repair industry for over 30 years, prior to working at Mid Island, I worked for 17 years doing auto mechanical work, and have extensive experience with the set-up maintenance and management of both body shops and mechanical shops
3. Both the initial setup costs and the ongoing overhead costs of an auto body repair facility are significantly higher than those of an auto mechanical repair facility.
4. Generally, the setup costs and overhead costs for a mechanics shop will run about 2/3 of those of a body repair shop. The reasoning behind this difference is the amount of specialized equipment required for a body shop. Body shops must maintain frame-straightening equipment, jigs and benches, paint booths, epoxies and other materials that a mechanics shop has no need for, and must be able to train its workers to use those materials and equipment as well, expenses that a mechanics shop does not have.

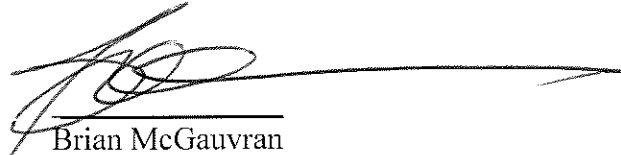
5. As the same time, however, a body shop must *also* maintain all of the same tools, equipment and training that a mechanic's shop has, as the work done by body shops frequently crosses over into mechanical work, while mechanics shops rarely if ever have to do body work. Thus, not only does a body shop such as Mid Island have to pay for specialized training and equipment (rigs, benches, etc.) that mechanics do not use, but they have to pay for all of the same equipment and training held by mechanics. Most body shops - Mid Island included - are also fully equipped mechanics shops, they have to be given the nature of their work. The reverse however is not true - most mechanics shops lack the specialized equipment and training to perform body work.

6. Mechanical work generally is much more formulaic and standardized from vehicle to vehicle. Few if any makes, models or manufacturers of vehicles have mechanical requirements, in terms of repair equipment and training, that differ materially from any other car on the road. Body work however is much more specialized from vehicle to vehicle, with more rigorous and often subjective standards. Vehicle manufacturers require that body work be performed in such an exacting manner that the vehicle, after the work is done, appears to have just come from the factory, a requirement that does not exist for mechanical work, and which prevents any kind of standardization in body work.

7. For example, the body materials, training, paints, and frame shape and makeup of a 2004 Mercedes Benz CLK55 vary dramatically from those of a 2006 Range Rover, and the two cars require the use of very different and specialized benches, jigs, paints and painting methods, with their own procedures, training and methodology. Engine work on the two cars though is much more similar, requiring the same tools, and mostly the same training, with only some reference to standardized manuals to take into account any differences in design between them.

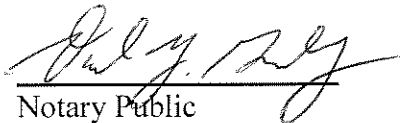
8. So by definition, body shops are more expensive to build and maintain. In my personal experience, a mechanics shop's costs are about 2/3 those of a body shop. This difference in the set-up costs, training costs and maintenance costs between a body shop and a mechanic's shop are well known and accepted in both industries.

9. Despite the much higher costs incurred by a body shop, insurance companies in general - and Allstate in particular - have generally been willing to pay higher rates to mechanics shops than then have to Mid Island. For example, Venturi Automotive in Baldwin, New York, is a well known area auto mechanical shop, with a posted labor rate of \$105.00 per hour, which they routinely receive from insurers, including Allstate. However, as Allstate has made clear throughout the course of this litigation, Allstate will rarely if ever make an offer to Mid Island over \$45 per hour.



Brian McGauvran

Sworn to before me this
29th day of March, 2010



Notary Public

DAVID Y. GREENBERG
Notary Public, State of New York
No. 01GR6185299
Qualified in Nassau County
Commission Expires April 14, 2012